

IMPACT



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Surviving on Shrinking Paychecks

The Situation

Many Idaho residents are losing high-paying jobs and health insurance benefits. Reduced income and loss of employee benefits are causing many families to take on excessive consumer debt. These factors prompted *The Idaho Statesman*, Idaho's largest daily newspaper, to examine Idahoan's troubled economic health in a six-month project consisting of news articles and classes for the public.

According to Statesman staff, 7,121 manufacturing and high-tech jobs in computer and electronics, food processing, wood products, and chemical and machine production were lost between years 2000 and 2003. Big job losses in the high-tech sector hurt the most. Over 3,000 workers earning an average wage of \$61,462 a year lost their jobs. Lower paying jobs replaced manufacturing and high tech employment. Household financial health was worsened because almost 34 percent of Idaho's population below age 65 had no health insurance coverage for all or part of 2002 and 2003.

As a result, debt plagues Idahoans. Local experts calculate that credit card debt is averaging about \$10,000 for each of the state's estimated 494,600 households, or the equivalent of \$4.9 billion. Home mortgage foreclosures are up from 9.4 per thousand to 12.2 per thousand in the first quarter of 2004.

Idaho ranks 9th in the nation for bankruptcies filed during the 12 month period ending March 2004. One out of fourteen Idaho workers held at least two jobs to make ends meet in 2002 (the most recent data available).

Our Response

When *Statesman* Business editor Mike Maharry and Life (features) editor Julie Sarasqueta decided to launch a five-part series, "Surviving on a Shrinking Paycheck," they asked University of Idaho (UI) Extension faculty in Boise to lend a hand. The resulting partnership, says Maharry, was "an unqualified success."



Focusing on the personal financial challenges people are facing, the Statesman series included help with stretching income, personal debt, loss of health insurance, retraining programs, and the complexities of starting your own business.

The University of Idaho teamed with the Statesman to teach families how to make ends meet and reduce debt. Extension faculty offered free workshops that instructed consumers to stretch their income, cut costs, track spending, set financial goals, increase savings, reduce debt, restore credit ratings and select a debt counseling agency. Worksheets and handout materials showed participants how to take control of their financial situation.

On August 10 and October 12, Ada County FCS educator Beverly Healy delivered a class entitled *Gaining Financial Fitness* to an audience of one hundred Statesman readers. Family economics specialist Marilyn Bischoff followed with a workshop on *Taking Control of Debt* to an audience of seventy-six on August 31 and October 19.

The *Statesman*'s goal was to combine news and feature stories with on-line financial calculators and community workshops. "People are feeling nervous and anxious about the economy and they're looking for help," says Maharry. "We wanted to give them some positive ways to respond." News stories quoting the two Boise UI Extension faculty appeared in four issues of *The Idaho Statesman*. The newspaper is providing Extension educational materials through on-line resources. Class participants were introduced to *Credit Cents*, a series of ten new UI Extension on-line fact sheets that help readers make sense of credit and debt. The fact sheets, available for free downloading from <http://info.ag.uidaho.edu:591/catalog>, are available 24/7 to Idahoans with internet access.

Program Outcomes

Participant Sylvia Maxwell attended a class to learn new ideas for managing her money. "I know I'm going to be retiring pretty soon and I'm going to be cutting back," she said. Judith Alexander wanted the "motivation of being with other people." And Megan Kershner, a 1997 UI graduate in environmental science, was already looking for ways to increase her savings and reduce her years until retirement. "Oh, yes! I got ideas here," she said.

Gaining Financial Fitness class participants reported increasing their financial knowledge in four areas:

- 100% setting financial goals
- 99% tracking spending
- 99% developing a spending plan
- 93% the importance of an emergency savings fund

Participants listed over 58 behaviors they plan to put into practice. Practices frequently listed were tracking expenses, increasing savings, budgeting, setting goals, and reviewing goals regularly.



Ninety-five percent of participants attending the *Taking Control of Debt* class reported they gained helpful debt management knowledge. Information on negotiating with creditors, monitoring debt, making sure that expenses don't exceed income, and utilizing worksheets were frequently cited as knowledge participants plan to implement. Participants stated the class was encouraging because of the practical step-by-step suggestions for debt reduction.

The Future:

Response to the *Gaining Financial Fitness* and *Taking Control of Debt* classes presented in cooperation with *The Idaho Statesman* has been overwhelming. Area residents continue to request these financial management classes. Additional classes are planned in the Treasure Valley and other regions of Idaho during 2005.

For More Information

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